

peer review panel convened under section 1204(c)(2).

**“(e) LOCAL USES OF FUNDS.—**

**“(1) REQUIRED ACTIVITIES.—**An eligible applicant that receives a grant under this subpart shall use the funds provided under the grant to carry out the following activities:

**“(A)** Providing children aged 3 through 5 with high-quality oral language and literature-rich environments in which to acquire prereading skills.

**“(B)** Providing professional development for early childhood teachers that prepares them with scientific research-based knowledge of early reading development to assist in developing the children’s—

**“(i)** automatic recognition of the letters of the alphabet;

**“(ii)** understanding that spoken words are made up of small segments of speech sounds and that certain letters regularly represent such speech sounds;

**“(iii)** spoken vocabulary and oral comprehension abilities; and

**“(iv)** understanding of semiotic concepts.

**“(C)** Identifying and providing scientific research-based prereading language and literacy activities and instructional materials for use in developing the children’s—

**“(i)** automatic recognition of the letters of the alphabet;

**“(ii)** understanding that spoken words are made up of small segments of speech sounds and that certain letters regularly represent such speech sounds;

**“(iii)** spoken vocabulary and oral comprehension abilities; and

**“(iv)** understanding of semiotic concepts.

**“(2) OPTIONAL ACTIVITIES.—**An eligible applicant that receives a grant under this subpart may use the funds provided under the grant to carry out the following activities:

**“(A)** Using scientific research-based screening tools or other appropriate measures to determine whether preschool children are developing the skills identified in this subsection.

**“(B)** Integrating such instructional materials and literacy activities with programs of existing child care agencies, preschools, and Head Start centers, and with family literacy services.

**“(f) AWARD AMOUNTS.—**The Secretary may establish a maximum award amount, or ranges of award amounts, for grants under this subpart.

**“SEC. 1223. FEDERAL ADMINISTRATION.**

“The Secretary shall consult with the Secretary of Health and Human Services in order to coordinate the activities undertaken under this subpart with programs under the Head Start Act (42 U.S.C. 9831 et seq.).

**“SEC. 1224. REPORTING REQUIREMENTS.**

“Each eligible applicant receiving a grant under this subpart shall report annually to the Secretary regarding the eligible applicant’s progress in addressing the purposes of this subpart.

**“SEC. 1225. EVALUATION.**

“From the total amount made available under section 1002(b)(2) for the period beginning October 1, 2002, and ending September 30, 2006, the Secretary shall reserve not more than \$1,000,000 to conduct an independent evaluation of the effectiveness of this subpart.

**“SEC. 1226. ADDITIONAL RESEARCH.**

“From the amount made available under section 1002(b)(2) for each of the fiscal years 2002 through 2006, the Secretary shall reserve not more than \$3,000,000 to conduct, in consultation with the National Institute for Child Health and Human Development, the National Institute for Literacy, and the Department of Health and Human Services, additional research on language and literacy development for children aged 3 through 5.”

**SEC. 112. AMENDMENTS TO EVEN START.**

Part B of title I (20 U.S.C. 6361 et seq.), as amended by section 111, is further amended—

(1) by inserting before section 1231 (as so redesignated by section 111) the following:

**“Subpart 3—William F. Goodling Even Start Family Literacy Programs”;**

(2) in each of sections 1231 through 1242 (as so redesignated by section 111)—

(A) by striking “this part” each place such term appears and inserting “this subpart”; and

(B) by striking “1002(b)” each place such term appears and inserting “1002(b)(3)”; and

(3) in section 1231(4), by striking “2252” and inserting “1209”;

(4) in section 1232—

(A) in subsection (b)—

(i) in paragraph (1)(A), by striking “1209,” and inserting “1239,”; and

(ii) in paragraph (2), by striking “1211(b)” each place such term appears and inserting “1241(b)”;

(B) in subsection (c)—

(i) by amending paragraph (2)(C) to read as follows:

“(C) COORDINATION WITH SUBPART 1.—The consortium shall coordinate its activities with the activities of the reading and literacy partnership for the State established under section 1204(d), if the State receives a grant under section 1203.”; and

(ii) in paragraph (3), by striking “2252.” and inserting “1209.”;

(5) in section 1233—

(A) by striking “1202(d)(1)” each place such term appears and inserting “1232(d)(1)”; and

(B) by striking “1210.” and inserting “1240.”;

(6) in section 1234—

(A) in subsection (b)—

(i) in paragraph (1)(A), by moving the margins of clauses (v) and (vi) 2 ems to the right; and

(ii) in paragraph (3), by striking “1202(a)(1)(C)” and inserting “1232(a)(1)(C)”;

(B) in subsection (c)—

(i) in paragraph (1)—

(I) by striking “1203(a),” and inserting “1233(a),”; and

(II) by striking “1203(b)” and inserting “1233(b)”;

(ii) in paragraph (2), by striking “1210.” and inserting “1240.”;

(7) in section 1235—

(A) in paragraph (10), by striking “2252” and inserting “1209”;

(B) in paragraph (12), by striking “2252,” and inserting “1209,”; and

(C) in paragraph (15), by striking “program.” and inserting “program to be used for program improvement.”;

(8) in section 1237—

(A) in subsection (c)(1)—

(i) in subparagraph (B), by striking “1205,” and inserting “1235,”; and

(ii) in subparagraph (F), by striking “14306,” and inserting “8306,”; and

(B) in subsection (d), by striking “14302.” and inserting “8302.”;

(9) in section 1238—

(A) in subsection (a)(1)—

(i) in subparagraph (A)(ii), by striking “1205,” and inserting “1235,”; and

(ii) in subparagraph (F), by striking “1204(b),” and inserting “1234(b),”; and

(B) in subsection (b)—

(i) in paragraph (3)—

(I) by striking “1207(c)(1)(A)” and inserting “1237(c)(1)(A)”; and

(II) by striking “1210.” and inserting “1240.”;

(ii) in paragraph (4), by striking “1210,” and inserting “1240,”; and

(iii) in paragraph (5)(B), by striking “1204(b),” and inserting “1234(b),”; and

(10) in section 1239—

(A) by striking “1202(b)(1),” and inserting “1232(b)(1),”; and

(B) by striking “1205(10)” and inserting “1235(10)”;

(11) in section 1241—

(A) in subsection (b)(1)—

(i) by striking “1202(b)(2),” and inserting “1232(b)(2),”; and

(ii) by striking “2252,” and inserting “1209,”; and

(B) in subsection (c), by striking “2258,” and inserting “1208,”.

**SEC. 113. INEXPENSIVE BOOK DISTRIBUTION PROGRAM.**

(a) TRANSFER AND REDESIGNATION.—Part E of title X (20 U.S.C. 8131) is transferred and redesignated as subpart 4 of part B of title I. Section 10501 is redesignated as section 1251.

(b) PURPOSE.—Section 1251 (as so redesignated) is amended—

(1) by striking subsection (e);

(2) by redesignating subsection (d) as subsection (g);

(3) by redesignating subsections (a) through (c) as subsections (b) through (d), respectively; and

(4) by inserting before subsection (b) (as so redesignated) the following:

“(a) PURPOSE.—The purpose of this program is to establish and implement a model partnership between a governmental entity and a private entity, to help prepare young children for reading, and motivate older children to read, through the distribution of inexpensive books. Local reading motivation programs assisted under this section shall use such assistance to provide books, training for volunteers, motivational activities, and other essential literacy resources, and shall assign the highest priority to serving the youngest and neediest children in the United States.”

(c) AUTHORIZATION.—Section 1251(b) (as so redesignated) is amended by striking “books to students, that motivate children to read.” and inserting “books to young and school-aged children that motivate them to read.”

(d) REQUIREMENTS OF CONTRACT.—Section 1251(c) (as so redesignated) is amended—

(1) in the matter preceding paragraph (1), by striking “subsection (a)” and inserting “subsection (b)”;

(2) in paragraph (4), by inserting “training and” before “technical”.

(e) SPECIAL RULES FOR CERTAIN SUBCONTRACTORS; MULTI-YEAR CONTRACTS.—Section 1251 (as so redesignated) is amended by inserting after subsection (d) the following:

“(e) SPECIAL RULES FOR CERTAIN SUBCONTRACTORS.—

“(1) FUNDS FROM OTHER FEDERAL SOURCES.—Subcontractors operating programs under this section in low-income communities with a substantial number or percentage of children with special needs, as described in subsection (c)(3), may use funds from other Federal sources to pay the non-Federal share of the cost of the program, if those funds do not comprise more than 50 percent of the non-Federal share of the funds used for the cost of acquiring and distributing books.

“(2) WAIVER AUTHORITY.—Notwithstanding subsection (c), the contractor may waive, in whole or in part, the requirement in subsection (c)(1) for a subcontractor, if the subcontractor demonstrates that it would otherwise not be able to participate in the program, and enters into an agreement with the contractor with respect to the amount of the non-Federal share to which the waiver will apply. In a case in which such a waiver is granted, the requirement in subsection (c)(2) shall not apply.

“(f) MULTI-YEAR CONTRACTS.—The contractor may enter into a multi-year subcontract under this section, if—

“(1) the contractor believes that such subcontract will provide the subcontractor with additional leverage in seeking local commitments; and

“(2) the subcontract does not undermine the finances of the national program.”

(f) CONTINUATION OF AWARDS.—Notwithstanding any other provision of this Act, any person or agency that was awarded a contract under part E of title X (20 U.S.C. 8131) prior to